

How Prescription Advantage Will Work with the New Drug Coverage from Medicare That is Beginning January 1, 2006

Overview

Prescription Advantage is changing to work together with the new Medicare prescription drug coverage that will begin January 1, 2006.

For members with Medicare:

- The prescription drug coverage provided through Medicare will be the **primary** drug insurance for Prescription Advantage members.
- Prescription Advantage will become a **secondary** payer, providing financial assistance to supplement Medicare coverage.
- Prescription Advantage **will** require Medicare-eligible members to be enrolled in a Medicare prescription drug plan to receive assistance.
 - To ensure that all members will have coverage and be able to receive assistance beginning January 1, 2006, Prescription Advantage will automatically enroll members in a randomly selected Medicare plan.
 - Members are able to change plans through May 15, 2006, if the randomly assigned plan does not best meet their needs.
 - Members in “Medicare Advantage” plans (Tufts, Fallon, Harvard Pilgrim, Blue Cross) **will not** be automatically enrolled. They will obtain Medicare drug coverage from their Medicare Advantage plan.
- Prescription Advantage **will** require lower-income members to apply for the Medicare limited-income subsidy (also known as “extra help from Medicare”). Members who do not apply will not be eligible to continue receiving assistance from Prescription Advantage.

For Prescription Advantage members **without Medicare**, the current Prescription Advantage benefit will continue after January 1, 2006.

Financial assistance for Medicare drug coverage from Prescription Advantage

Prescription Advantage will provide supplemental financial assistance to most current members based on the member’s income and the assistance they receive from Medicare.

Members with full “extra help” from Medicare

Medicare-eligible members with annual incomes of \$12,920 or less for a single person or \$17,321 or less for a married couple **and** with limited assets can be approved for full “extra help” (also called the full limited-income subsidy) from Medicare by applying to the Social Security Administration. Members who meet these requirements and are approved for full “extra help” will pay no premiums for **basic** Medicare prescription drug plans that have premiums at or below the benchmark level established by Medicare (\$30.27 per month in Massachusetts). Also, they will **not** have to pay deductibles and will **not** have a coverage gap (“donut

hole”). Their copayments will be \$1 to \$5 per prescription. Prescription Advantage members who are approved for the **full limited-income subsidy** will not receive financial assistance from Prescription Advantage since they will pay less for their benefits under Medicare than they currently do under Prescription Advantage.

Members with partial “extra help” from Medicare — incomes below 188% federal poverty level (FPL) (\$17,993 single; \$24,121 married couple)

Prescription Advantage members with incomes below \$17,993 for a single person or \$24,121 for a married couple currently pay no premium and have no deductible for their drug coverage. Members in this income category who are approved for partial “extra help” from Medicare will have to pay sliding-scale premiums and deductibles. Members in this income category who do not qualify for any “extra help” from Medicare will be subject to the full premiums and deductibles charged by their Medicare prescription drug plan, as well as having the standard Medicare coverage gap. Prescription Advantage will provide supplemental financial assistance with premiums, copayments, and deductibles for members in this income category:

- **Premiums** — Prescription Advantage will pay the premiums for Medicare **basic** drug plans for members in this category (up to \$30.27 per month). Members will pay any additional premium if they choose an enhanced or higher-cost plan.
 - There will be no separate premium for Prescription Advantage membership.
- **Copayments** — If the member’s Medicare drug-plan copayments are higher than the current Prescription Advantage copayments of \$7 for generic drugs or \$18 for brand-name drugs for a 30-day supply, Prescription Advantage will pay the difference. Prescription Advantage will not impose a deductible, so this copayment coverage will begin with the first Medicare prescription and will continue until the member’s out-of-pocket limit is reached.
- **Out-of-Pocket Limit** — Members’ out-of-pocket expenses will be capped. Members receiving the partial limited-income subsidy from Medicare will pay no more than \$1,300 out-of-pocket. Other members with incomes up to 188% FPL will pay no more than \$1,440.

Members with incomes from 188% FPL to below 225% FPL (\$17,993-\$21,533 single; \$24,121-\$28,868 married couple)

- **Premiums** — Prescription Advantage will pay a portion of the Medicare drug plan premiums for members with incomes in this category. These members will pay the first \$20 of the Medicare premium and Prescription Advantage will pay any additional amount toward the premiums for Medicare **basic** drug plans for members in this category (up to \$30.27 per month). Members will pay any additional premium if they choose an enhanced or higher-cost plan.
 - There will be no separate premium for Prescription Advantage membership.
- **Copayments** — If the member’s Medicare drug plan copayments are higher than the current Prescription Advantage copayments of \$12 for generic drugs or \$30 for brand-name drugs for a 30-day supply, Prescription Advantage will pay the difference. Prescription Advantage will not impose a deductible, so this copayment coverage will begin with the first Medicare prescription and will continue until the member’s out-of-pocket limit is reached.

- **Out of Pocket Limit** — Members' out-of-pocket expenses will be capped. Members with incomes between 188% and 225% FPL will pay no more than \$1,800 out-of-pocket.

Members with incomes from 225% FPL to below 300% FPL (\$21,534-\$28,710 single; \$28,869-\$38,490 married couple)

- **Premiums** — Prescription Advantage will not provide any financial assistance with Medicare drug plan premiums for members in this income category. Medicare drug plans will be available with premiums comparable to the premiums the members currently pay for Prescription Advantage. There will be no separate premium for Prescription Advantage membership after January 1, 2006.
- **Copayments** — If the member's Medicare drug plan copayments are higher than the current Prescription Advantage copayments of \$12 for generic drugs or \$30 for brand-name drugs for a 30-day supply, Prescription Advantage will pay the additional amount. Prescription Advantage will not impose a deductible, so this copayment coverage will begin with the first Medicare prescription and will continue until the member's out-of-pocket limit is reached.
- **Out of Pocket Limit** — Members' out-of-pocket expenses will be capped. Members with incomes in this category will pay no more than \$2,150 out-of-pocket.

Members with incomes between 300% FPL and 500% FPL (\$28,711-\$47,850 single; \$38,491-\$64,150 married couple)

Members in this income category will generally save money with Medicare prescription drug coverage compared to Prescription Advantage unless they have high drug costs. Prescription Advantage assistance for members with high drug costs will begin when they have accumulated high out-of-pocket costs. They will pay a \$200 annual enrollment fee in exchange for a cap on catastrophic drug costs. In 2006, this cap on out-of-pocket expenses will be \$2,870.

Members with incomes above 500% FPL (\$47,851 and above single; \$64,151 and above married couple)

Members at incomes above 500% FPL will not receive financial assistance from Prescription Advantage since they will have Medicare drug plan benefit options at a lower cost than their current Prescription Advantage benefits. Members in this category currently pay \$99 per month in Prescription Advantage premiums.

- Medicare drug plan standard benefits, on average, provide better coverage for members with annual drug costs up to \$4,000. The 2006 benchmark standard benefit premium is \$30 per month.
- Medicare drug plan plans are also offering a range of enhanced coverage packages for less than the Prescription Advantage premium.

Drugs not covered by the Medicare drug plan

Generally, Prescription Advantage will provide financial assistance only for drugs covered by a member's Medicare drug plan. Members are allowed to request coverage from their Medicare drug plan for non-formulary drugs, and to appeal if these requests are denied. Prescription Advantage will provide information to members to assist with

this process.

Once a member's prescription is covered by his or her Medicare drug plan, Prescription Advantage will provide supplemental coverage for it. As part of providing supplemental financial assistance, Prescription Advantage will pay for benzodiazepines (a category of drugs which is excluded from Medicare coverage) for Prescription Advantage members. Prescription Advantage will **not** cover other drugs excluded from Medicare coverage, such as barbiturates and over-the-counter drugs.

Resources for Prescription Advantage members and other Medicare beneficiaries

Prescription Advantage Customer Service: 1-800-243-4636, press 1
TTY: 1-800-610-0241 (for people with partial or total hearing loss)
www.800ageinfo.com

SHINE – Serving Health Information Needs of Elders: 1-800-243-4636, press 2
TTY: 1-800-872-0166 (for people with partial or total hearing loss)
www.medicareoutreach.org

MassMedLine: 1-866-633-1617
TTY/TDD users should ask the operator to call the MassMedLine toll-free number.
www.massmedline.com

MassHealth Customer Service: 1-800-841-2900
TTY: 1-800-497-4648 (for people with partial or total hearing loss)
www.mass.gov/masshealth

Medicare: 1-800-MEDICARE (1-800-633-4227)
TTY: 1-877-486-2048 (for people with partial or total hearing loss)
www.medicare.gov